

LRB – FISCAL REVIEW SECTION ANALYSIS

DECEMBER 18, 2002

ITEM 9, FILE 021176

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #021176 is a substitute resolution approving a city group life insurance contract between United of Omaha Life Insurance Company and the City of Milwaukee covering the period of January 1, 2003 to December 31, 2007.

Background

1. The City provides life insurance benefits for eligible employees, as determined through collective bargaining and legislation. The City contracts with a life insurance carrier for the coverage, and funds annual premiums through a special purpose account. The contracts are for five-year periods; the current contract expires on December 31, 2002.
2. On November 6, 2002, the Common Council adopted a resolution (File #020953) approving United of Omaha as the City's group life insurance carrier for the period 2003 through 2007. The resolution directed the Executive Director of the Employee's Retirement System and the City Attorney to negotiate the terms of the formal agreement between United of Omaha Life Insurance and the City of Milwaukee for Common Council approval.

Discussion

1. This substitute resolution approves the formal agreement between the City of Milwaukee and United of Omaha Life and authorizes and directs the Executive Director of the Employee's Retirement System and the City Attorney to take all steps necessary to make formal agreement effective.

Fiscal Impact

1. The estimated cost of the group life insurance contract for 2003-2007 is \$13,465,000. The estimated annual cost for 2003 through 2005 is \$2,589,423. The carrier can exercise a 10% increase for 2006 through 2007 at an estimated annual cost of \$2,843,365.

Cc: Marianne C. Walsh
Laura Engan
Anne Bahr
W. Martin Morics
Tom Hayes

Prepared by: James Carroll
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